

Dear FCC,

In formulating the appropriate structure of our nation's digital radio systems, the FCC should focus on three over-arching goals, a) effective spectrum utilization and b) dynamic, flexible and responsive resource control mechanisms, and c) minimal adoption hurdles for consumers of new digital radio receivers. The Commission should also take the opportunity, in restructuring radio, to counter complaints of excessive consolidation of spectrum control.

To those ends, the Commission should, instead of delivering all of the new digital channel capacity to current license holders as a windfall, only enough of the digital channel space should be offered to duplicate, at high fidelity, the current analog broadcasts. The additional digital channel capacity should be pooled and controlled by the FCC itself, then auctioned electronically to listeners who directly choose which programs they wish to receive.

A key element in effective spectrum utilization is the broad inclusion of "store and replay" capacities in new digital receivers. While such features are possible with analog content delivery, they are currently underutilized. As a result, the market value of a 3am time slot is very much lower than that of "drive time" slots. Even with broadly available time-shifting, transmission periods for news programming are likely to be valued greater during and immediately before drive times. But such scheduling premiums need not likely apply to music programming; and the repetition of songs might be accomplished from receiver cache. The overall valuation of time slots would then be expected to flatten significantly as "store and replay" capacities become more common. The Commission should move in anticipation of those capacities.

Stations should be allowed to use the channel space under their control as they see fit, for either listener-purchased encrypted broadcast or for more traditional ad-funded use. Of course, they may choose to rebroadcast the content on their main analog channel; but they should not be required to do so.

The Commission should set up a clearing house which aggregates and manages the remaining digital capacity. The clearing house should offer listeners a menu of programs, complete with prices and available times. After listeners select programs and guarantee payment, transmission times are assigned to programmers, in order of decreasing popularity. Ideally, a mix of time slots would be offered, varying in program lengths of 15, 30 45 and 60 minutes - and program durations of 1, 6 and 12 months. By dividing the digital capacity into small, independent slices, the clearing house would maximize the use of listener demand in allocating channel capacity and minimize the duplication of programming by stations competing for similar audiences. The Commission clearing house would collect all fees and redistribute them to stations and programmers. Over time, the percentage of program fees retained for channel management and the percentage paid to broadcasters could be adjusted to foster maximum participation.

The clearing house would encourage the richest possible usage of capacity by disconnecting channel utilization from the complexities of station history, station competition, staff personalities, etc. To minimize receiver cost, encourage consumer adoption, and prevent incompatibilities, the Commission should establish a single encryption scheme for all digital radio.

One of the brightest promises of digital radio is the possible effect on public broadcasting. Rather than continue the current trend toward more "supporter

acknowledgements", they might begin to offer intrusion-free programming on their digital channels for a subscription fee. Such subscriptions would not derogate the current broadcasts, but offer an additional incentive for "free riders" to financially support the stations. As a mark of distinction, some subtle difference might be made in the station identification for the paid digital and free analog broadcasts. Noting the very low per-listener costs of public radio, the revenue from such lightly distinguished service might significantly aid public broadcasters.

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